#### 110TH CONGRESS 2D SESSION

# H. R. 6000

To amend the Internal Revenue Code of 1986 to impose a windfall profit tax on oil and natural gas (and products thereof) and to allow an income tax credit for purchases of fuel-efficient passenger vehicles, and to allow grants for mass transit.

#### IN THE HOUSE OF REPRESENTATIVES

May 8, 2008

Mr. Kucinich (for himself, Mr. Abercrombie, Mr. Berman, Mr. Brady of Pennsylvania, Mrs. Capps, Mr. Clay, Mr. Cleaver, Mr. Cohen, Mr. CONYERS, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. DEFAZIO, Mr. DELAHUNT, Mr. DOYLE, Mr. ELLISON, Mr. FARR, Mr. FATTAH, Mr. FILNER, Mr. Frank of Massachusetts, Mr. Grijalva, Mr. Gutierrez, Mr. Hare, Mr. Hastings of Florida, Mr. Hinchey, Ms. Hirono, Mr. Honda, Mr. Jackson of Illinois, Ms. Eddie Bernice Johnson of Texas, Mr. Kanjorski, Ms. Kaptur, Mr. Kennedy, Mr. Kildee, Ms. KILPATRICK, Mr. LARSON of Connecticut, Ms. Lee, Mr. Lewis of Georgia, Mr. Lipinski, Mrs. Lowey, Mr. McDermott, Mr. McGovern, Mr. MCNULTY, Mr. GEORGE MILLER of California, Ms. Moore of Wisconsin, Mr. Nadler, Mrs. Napolitano, Mr. Olver, Mr. Payne, Mr. Rahall, Mr. Rothman, Mr. Ryan of Ohio, Ms. Linda T. Sánchez of California, Ms. Schakowsky, Mr. Scott of Virginia, Mr. Serrano, Mr. Sherman, Ms. Slaughter, Mr. Stark, Mr. Stupak, Ms. Sutton, Mr. Tierney, Mr. Towns, Ms. Watson, Mr. Waxman, Mr. Wexler, Ms. Woolsey, Mr. YARMUTH, and Ms. ROYBAL-ALLARD) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

# A BILL

To amend the Internal Revenue Code of 1986 to impose

a windfall profit tax on oil and natural gas (and products thereof) and to allow an income tax credit for purchases of fuel-efficient passenger vehicles, and to allow grants for mass transit.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Gas Price Spike Act
- 5 of 2008".
- 6 SEC. 2. WINDFALL PROFITS TAX.
- 7 (a) IN GENERAL.—Subtitle E of the Internal Rev-
- 8 enue Code of 1986 (relating to alcohol, tobacco, and cer-
- 9 tain other excise taxes) is amended by adding at the end
- 10 thereof the following new chapter:
- 11 "CHAPTER 56—WINDFALL PROFIT ON
- 12 CRUDE OIL, NATURAL GAS, AND PROD-
- 13 **UCTS THEREOF**

"Sec. 5896. Imposition of tax.

- 14 "SEC. 5896, IMPOSITION OF TAX.
- 15 "(a) IN GENERAL.—In addition to any other tax im-
- 16 posed under this title, there is hereby imposed an excise
- 17 tax on the sale in the United States of any crude oil, nat-
- 18 ural gas, or other taxable product a tax equal to the appli-
- 19 cable percentage of the windfall profit on such sale.
- 20 "(b) Definitions.—For purposes of this section—

1	"(1) TAXABLE PRODUCT.—The term 'taxable
2	product' means any fuel which is a product of crude
3	oil or natural gas.
4	"(2) WINDFALL PROFIT.—The term 'windfall
5	profit' means, with respect to any sale, so much of
6	the profit on such sale as exceeds a reasonable prof-
7	it.
8	"(3) Applicable percentage.—The term
9	'applicable percentage' means—
10	"(A) 50 percent to the extent that the
11	profit on the sale exceeds 100 percent of the
12	reasonable profit on the sale but does not ex-
13	ceed 102 percent of the reasonable profit on the
14	sale,
15	"(B) 75 percent to the extent that the
16	profit on the sale exceeds 102 percent of the
17	reasonable profit on the sale but does not ex-
18	ceed 105 percent of the reasonable profit on the
19	sale, and
20	"(C) 100 percent to the extent that the
21	profit on the sale exceeds 105 percent of the
22	reasonable profit on the sale.
23	"(4) Reasonable profit.—The term 'reason-
24	able profit' means the amount determined by the

- 1 Reasonable Profits Board to be a reasonable profit
- on the sale.
- 3 "(c) Liability for Payment of Tax.—The taxes
- 4 imposed by subsection (a) shall be paid by the seller.".
- 5 (b) CLERICAL AMENDMENT.—The table of chapters
- 6 for subtitle E of such Code is amended by adding at the
- 7 end the following new item:

"Chapter 56. Windfall Profit on Crude Oil and Refined Petroleum Products.".

- 8 (c) Effective Date.—The amendments made by
- 9 this section shall take effect on the date of the enactment
- 10 of this Act.
- 11 SEC. 3. CREDIT FOR PURCHASING FUEL EFFICIENT AMER-
- 12 ICAN-MADE PASSENGER VEHICLES.
- 13 (a) IN GENERAL.—Subpart A of part IV of sub-
- 14 chapter A of chapter 1 of the Internal Revenue Code of
- 15 1986 (relating to nonrefundable personal credits) is
- 16 amended by inserting after section 25B the following new
- 17 section:
- 18 "SEC. 25C. PURCHASE OF FUEL-EFFICIENT AMERICAN-
- 19 MADE PASSENGER VEHICLES.
- 20 "(a) IN GENERAL.—In the case of an individual,
- 21 there shall be allowed as a credit against the tax imposed
- 22 by this chapter for the taxable year an amount equal to
- 23 the cost of any qualified passenger vehicle purchased by
- 24 the taxpayer during the taxable year.

1	"(b) Maximum Credit.—
2	"(1) IN GENERAL.—The credit allowed by this
3	section for the taxable year shall be—
4	"(A) \$3,000 in the case of a qualified pas-
5	senger vehicle not described in subparagraph
6	(B) or (C) if the vehicle's fuel economy is with-
7	in the 10 percent most fuel efficient range,
8	"(B) \$4,500 in the case of a qualified pas-
9	senger vehicle not described in subparagraph
10	(C) if the vehicle's fuel economy is within the
11	5 percent most fuel efficient range, and
12	"(C) \$6,000 in the case of a qualified pas-
13	senger vehicle the fuel economy of which is at
14	least 65 miles per gallon.
15	"(2) Determination of ranges.—
16	"(A) In general.—A vehicle sold during
17	a calendar year is within the 10 percent most
18	fuel efficient range if the fuel economy for such
19	vehicle is equal to or greater than the lowest
20	fuel economy of a vehicle included in the group
21	consisting of the 10 percent of the vehicles sold
22	during the preceding calendar year with the
23	highest fuel economy. A similar rule shall be
24	applied to determine the 5 percent most fuel ef-
25	ficient range.

1	"(B) Separate Determination.—The 5
2	and 10 percent most fuel efficient ranges shall
3	be determined separately for—
4	"(i) trucks and sport utility vehicles
5	as a group, and
6	"(ii) other qualified vehicles as a
7	group.
8	"(C) Ranges to be published before
9	BEGINNING OF YEAR.—Before the beginning of
10	each calendar year, the Secretary shall publish
11	in the Federal Register the 5 and 10 percent
12	most fuel efficient ranges which apply for such
13	calendar year. In the case of ranges for cal-
14	endar year 2008, such ranges shall be published
15	as soon as possible.
16	"(c) Qualified Passenger Vehicle.—For pur-
17	poses of this section—
18	"(1) In general.—The term 'qualified auto-
19	mobile' means any automobile (as defined in section
20	4064(b))—
21	"(A) which is purchased after the date of
22	the enactment of this section,
23	"(B) which is assembled in the United
24	States by individuals employed under a collec-
25	tive bargaining agreement,

1	"(C) the original use of which begins with
2	the taxpayer,
3	"(D) substantially all of the use of which
4	is for personal, nonbusiness purposes, and
5	"(E) the fuel economy of such automobile
6	is within the 10 percent most fuel efficient
7	range.
8	"(2) Fuel economy.—Fuel economy shall be
9	determined in accordance with section 4064.
10	"(d) Special Rules.—
11	"(1) Basis reduction.—The basis of any
12	property for which a credit is allowable under sub-
13	section (a) shall be reduced by the amount of such
14	credit.
15	"(2) Property used outside united states
16	NOT QUALIFIED.—No credit shall be allowed under
17	subsection (a) with respect to any property referred
18	to in section 50(b).".
19	(b) Clerical Amendment.—The table of sections
20	for such subpart A is amended by inserting after the item
21	relating to section 25B the following new item:
	"Sec. 25C. Purchase of fuel-efficient American-made passenger vehicles.".
22	(c) Effective Date.—The amendments made by
23	this section shall apply to taxable years ending after the
24	date of the enactment of this Act.

1	SEC. 4. MASS TRANSIT FARE REDUCTIONS DURING GAS
2	PRICE SPIKES.
3	(a) In General.—The Secretary of Transportation
4	may make grants to the operator of a mass transit system
5	to assist the operator in reducing fares paid by passengers
6	using the system.
7	(b) Use of Grants.—Grants received under the
8	program shall be used solely for implementing a fare re-
9	duction described in subsection (a) that is applied equally
10	to all passengers using the mass transit system.
11	(c) Mass Transit System Defined.—In this sec-
12	tion, the term "mass transit system" includes bus and
13	commuter rail systems.
14	(d) Authorization of Appropriations.—There is
15	authorized to be appropriated to carry out this section in
16	a fiscal year amounts equivalent to the excess (if any) of—
17	(1) the revenues received during the preceding
18	fiscal year pursuant to chapter 56 of the Internal
19	Revenue Code of 1986 (relating to windfall profit or
20	crude oil and refined petroleum products), over
21	(2) the revenue cost for such fiscal year of sec-
22	tion 25C of such Code (relating to purchase of fuel-
23	efficient American-made passenger vehicles).
24	Amounts authorized under the preceding sentence shall re-
25	main availahla until avnandad

#### SEC. 5. REASONABLE PROFITS BOARD.

- 2 (a) Establishment.—There is established an inde-
- 3 pendent board to be known as the "Reasonable Profits"
- 4 Board" (hereafter in this section referred to as the
- 5 "Board").
- 6 (b) Duties.—The Board shall make reasonable prof-
- 7 it determinations for purposes of applying section 5896
- 8 of the Internal Revenue Code of 1986 (relating to windfall
- 9 profit on crude oil, natural gas, and products thereof).
- 10 (c) Advisory Committee.—The Board shall be con-
- 11 sidered an advisory committee within the meaning of the
- 12 Federal Advisory Committee Act (5 U.S.C. App.).
- 13 (d) Appointment.—
- 14 (1) Members.—The Board shall be composed
- of 3 members appointed by the President of the
- 16 United States.
- 17 (2) TERM.—Members of the Board shall be ap-
- pointed for a term of 3 years.
- 19 (3) Background.—The members shall have no
- financial interests in any of the businesses for which
- 21 reasonable profits are determined by the Board.
- 22 (e) Pay and Travel Expenses.—
- 23 (1) Pay.—Notwithstanding section 7 of the
- Federal Advisory Committee Act (5 U.S.C. App.),
- 25 members of the Board shall be paid at a rate equal
- to the daily equivalent of the minimum annual rate

- of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the actual performance of duties vested in the Board.
  - (2) Travel expenses.—Members shall receive travel expenses, including per diem in lieu of subsistence, in accordance with section 5702 and 5703 of title 5, United States Code.

### (f) Director of Staff.—

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- (1) QUALIFICATIONS.—The Board shall appoint a Director who has no financial interests in any of the businesses for which reasonable profits are determined by the Board.
- (2) PAY.—Notwithstanding section 7 of the Federal Advisory Committee Act (5 U.S.C. App.), the Director shall be paid at the rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

# 20 (g) Staff.—

- 21 (1) Additional personnel.—The Director, 22 with the approval of the Board, may appoint and fix 23 the pay of additional personnel.
- 24 (2) APPOINTMENTS.—The Director may make 25 such appointments without regard to the provisions

- of title 5, United States Code, governing appointments in the competitive service, and any personnel
  so appointed may be paid without regard to the provisions of chapter 51 and subchapter III of chapter
  5 of that title relating to classification and General
  Schedule pay rates.
  - (3) Detailes.—Upon the request of the Director, the head of any Federal department or agency may detail any of the personnel of that department or agency to the Board to assist the Board in accordance with an agreement entered into with the Board.
  - (4) Assistance.—The Comptroller General of the United States may provide assistance, including the detailing of employees, to the Board in accordance with an agreement entered into with the Board.

# (h) OTHER AUTHORITY.—

- (1) EXPERTS AND CONSULTANTS.—The Board may procure by contract, to the extent funds are available, the temporary or intermittent services of experts or consultants pursuant to section 3109 of title 5, United States Code.
- (2) Leasing.—The Board may lease space and acquire personal property to the extent that funds are available.

- 1 (i) Funding.—There are authorized to be appro-
- 2 priated such funds as are necessary to carry out this sec-

3 tion.

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